



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



FEBRUARY 29, 2000

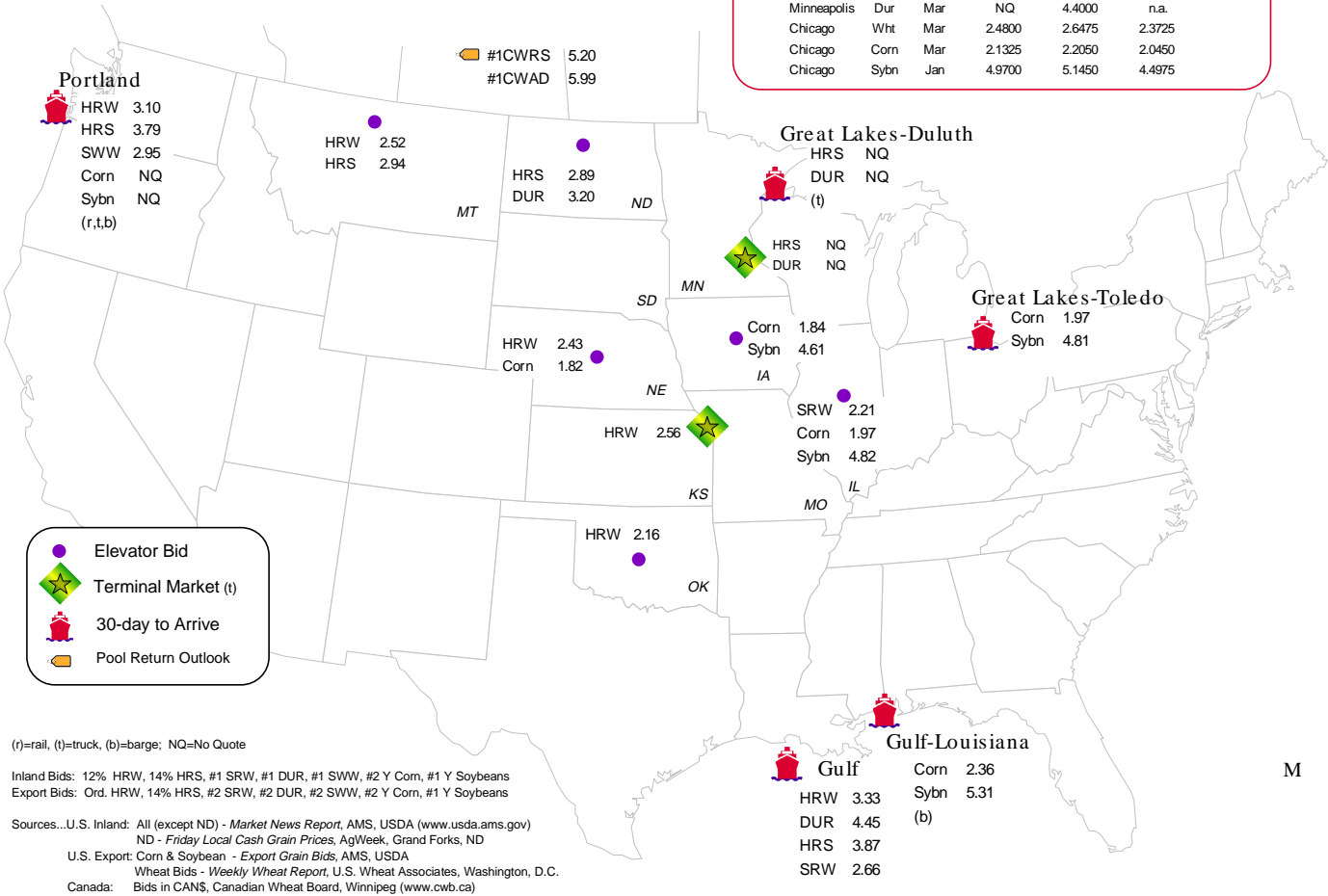
Outlook Forum Provides Ag Expectations. The U.S. Department of Agriculture sponsored its annual Ag Outlook Forum in Washington, D.C. recently, allowing speakers and other participants the opportunity to discuss the current situation and future developments for both domestic and global agriculture. Opening Forum 2000, Chief USDA economist, **Keith Collins**, stated that although export volume of U.S. agriculture is expected to decrease by 4 percent during the coming year, value of exports will likely increase from \$49 billion to \$49.5 billion due largely to livestock products and cotton exports. Grain producers, however, will again struggle with low prices, as soybean prices are expected to fall to 1972/73 levels, with corn and wheat prices dropping to levels seen during the 1986/87 marketing year. But, Collins also offered indications of encouragement for the industry. Included, are the strengthening of global economies, a strong national economy, and healthy U.S. agricultural banks. Collins also cited a slowing increase in farm production costs, improving efficiency in production, and a decreasing level of annual crop surpluses as being favorable to the industry. He added that government assistance in various forms will remain and develop as a large part of the industry. Under Secretary for Farm and Foreign Agricultural Services, **August Schumacher, Jr.**, elaborated on this matter, stating, "It is time to move beyond annual 'damage control,' to a stable policy that helps farmers prepare for disasters and price downturns, invest in long-term market development and export promotion programs, and gives them the tools they need to thrive--not just survive." Among USDA programs, Schumacher mentioned that in addition to farm program improvements, strong risk management remains very important. "Crop insurance is and will continue to be USDA's primary means of helping farmers survive major production losses," he stated. Schumacher also emphasized a change in direction from the current "ad hoc emergency aid to reliable, counter-cyclical assistance." Counter-cyclical assistance would provide payments to producers when incomes decrease, but, unlike the emergency aid, payments would reflect a producer's current production and market conditions. Although the Agricultural Market Transition Act (AMTA) has provided producer payments during the last few years, besides being ad hoc, it has been known to ineffectively target those needing the aid. Counter-cyclical assistance would also remain available to producers without the year-by-year approval of Congress. Speaking on the matter, Agriculture Secretary, **Dan Glickman**, noted that unlike the AMTA, the proposal targets smaller producers, those suffering the greatest hardship, and "farmers who have actually grown the crops." "Thanks to AMTA, recent supplementary farm payments haven't been tied to need, to size, or to current production," Glickman continued. He added that the plan also includes such things as conservation payments, freezing of loan rates, and the increased affordability and accessibility of crop insurance. Other issues which remain highly relevant to the grain industry were also discussed. **Carol Brookins**, Chairman and CEO of World Perspectives, Washington, D.C., emphasized the powerful influence of the information technology revolution and its ability to shape opinions regarding biotechnology. Ms. Brookins also raised issues regarding the costs and impediments of biotechnology, such as who will be willing to bear the cost difference between the new technology and conventional methods of production, as well as for the logistical and certification challenges that accompany the segregation of genetically modified crops from conventional crops. Issues of compliance, testing procedures, and litigation, as well as legal risks related to labeling claims were also discussed. Offering several recommendations, Ms. Brookins emphasized the necessity of building "a new covenant of trust between agricultural producers and consumers." Nebraska farmer, **Douglas D. Boisen**, offered a producer's viewpoint in support of biotechnology. Critical of "radical environmental groups for the misinformation ...and the media for playing it up," Boisen emphasized the effectiveness of biotechnology and its importance in feeding a growing world population. Environmental benefits, such as improved water quality, from the decreased use of chemicals, were also mentioned. Lastly, many speakers noted the importance of international trade and the development of foreign markets. Secretary Glickman described several domestic agricultural policies that would provide the opportunity to promote the international trade of U.S. agriculture. In addition, he mentioned the market potential of China, the world's largest economy, with 7 percent annual growth. Its approval for Normal Trade Relations and eventual World Trade Organization (WTO) accession would be "the most important trade issue facing the agriculture community this year," according to Glickman. Others, such as **Bill Lapp**, Conagra, Inc., agreed with the strong potential of this market, claiming that China's internal policy and its WTO status may be the determining factor in the movement of the grain market. Proceedings from Agricultural Outlook Forum 2000 may be accessed through the USDA's Internet site at <http://www.usda.gov/agency/oce/waob/agforum.htm>. Here, in addition to other information, you will find speeches from current and past Ag Outlook Forums, as well as long-term agricultural baseline projections.

No Changes This Year. According to Thad Cochran (R-MS), Chairman of the Senate Appropriations Subcommittee on Agriculture, there will likely be no major revisions to the "Freedom to Farm" law during 2000. An additional \$11.5 billion proposed by the Administration for farm spending through 2002 would bring fundamental changes to the 1996 law intended to deregulate farming. Because of this, and because "it is not likely Congress is going to be able to come in in an election year and revamp agriculture programs," according to Cochran, no substantial changes are likely. Cochran urged the USDA to look for alternate methods of farm aid. (*Reuters* 2/29)

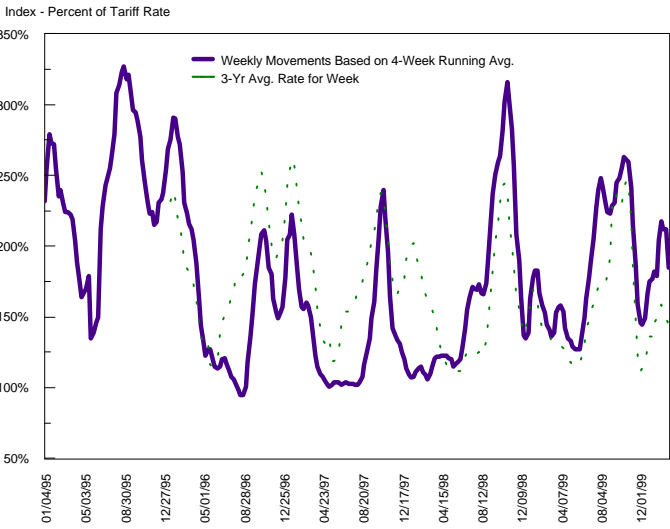
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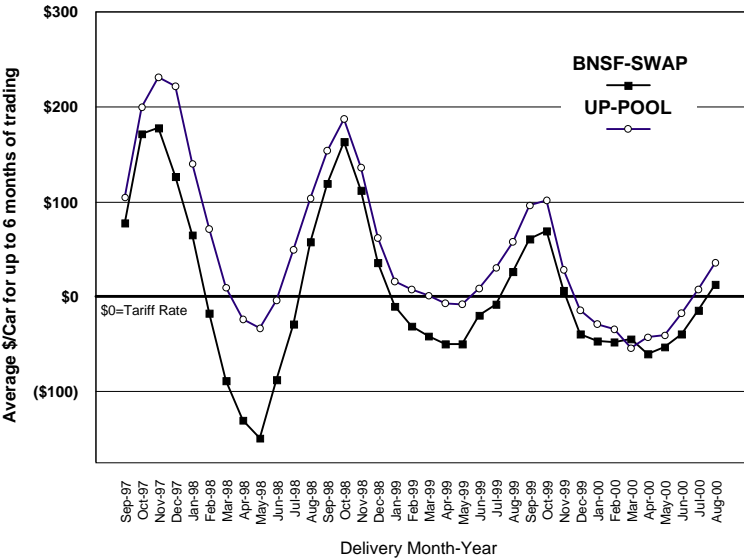
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Mar-00		May-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	3%	12,000	0%
UP-GCAS	5,400	2%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Mar-00	Apr-00	May-00	Jun-00
BNSF-GF	\$3	\$(34)	\$(29)	\$(13)
UP-Pool	\$(2)	\$(15)	\$(16)	\$(12)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Mar-00	Apr-00	May-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

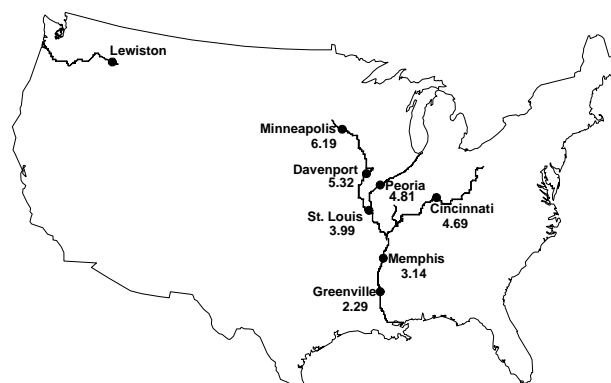
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended*	River/Region	Contract Period	Rate
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.			

(*) current data unavailable

Southbound Barge Freight Spot Rates

	2/23/00	2/16/00	Mar. '00	May '00
Twin Cities	nq	nq	211	198
Mid-Mississippi	nq	nq	182	169
Illinois River	171	188	169	159
St. Louis	150	156	147	136
Lower Ohio	151	156	144	134
Cairo-Memphis	144	149	141	131

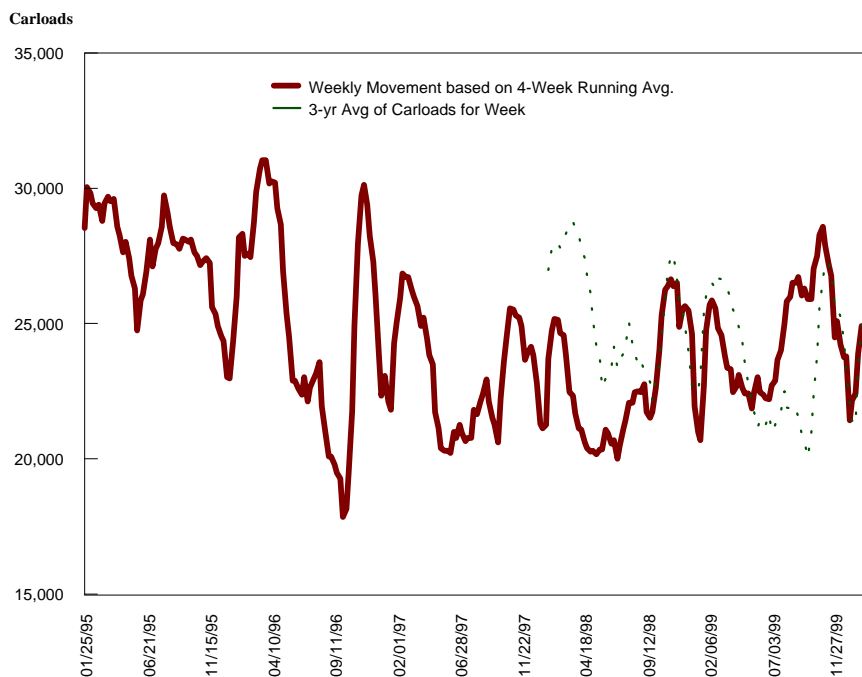
Source: Transportation & Marketing /AMS/USDA
nq=no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/5/00	25,290
2/12/00	25,916
2/19/00	25,440
Year to Date - 2000	176,334
Year to Date - 1999	175,111
Total 1999	1,269,741

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

Carloads									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/19/00	0	2,684	2,084	3,230	9,078	628	7,736	2,994	4,641
This Week Last Year	920	2,274	1,737	3,106	7,855	773	7,610	2,172	2,455
2000 YTD	0	20,212	13,721	20,733	61,712	4,744	55,212	19,967	27,747
1999 YTD	5,208	18,158	10,439	19,188	60,586	5,236	56,296	13,224	20,444
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

February 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/07/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
02/07/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
02/07/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
02/07/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
02/07/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
02/07/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
02/07/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
02/07/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
02/07/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
02/07/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

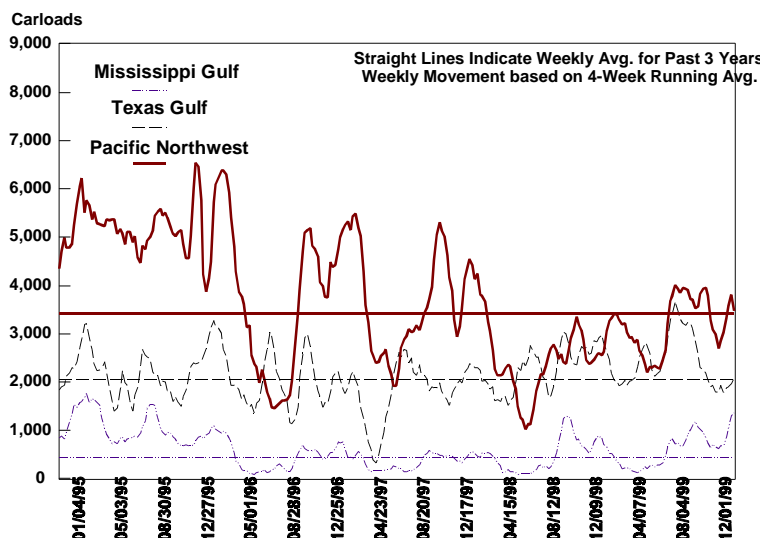
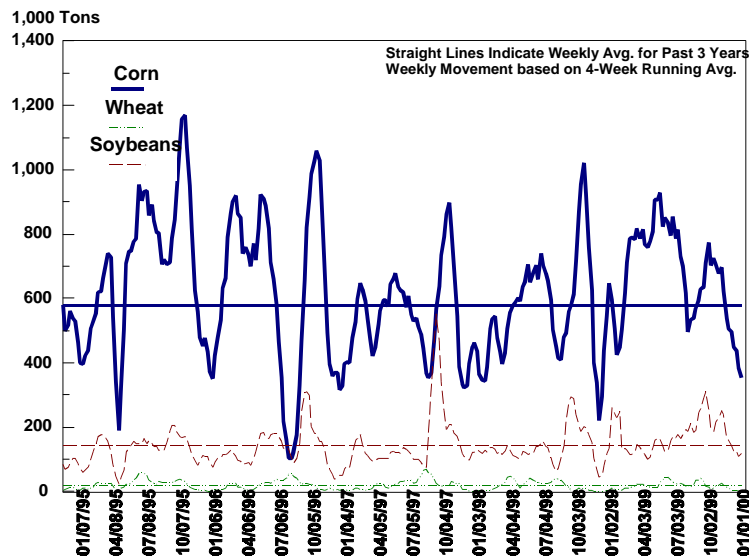
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/12/00	810	2,097	2,927	18
01/19/00	954	1,999	4,160	870
01/26/00	1,191	1,805	3,903	373
02/02/00	1,302	1,668	3,282	105
02/09/00	1,810	2,370	3,896	830
02/16/00	1,187	2,580	2,816	621
YTD 2000	7,748	14,153	23,322	2,879
YTD 1999	5,448	20,221	17,584	2,740
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 2/19/00

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	410	27	185	628
Granite City, IL (L27)	403	27	170	606
Illinois River (L8)	304	26	138	484
Ohio (L52)	77	13	42	174
Arkansas (L1)	0	7	15	22
2000 YTD	3,477	205	1,289	5,305
1999 YTD	3,710	357	916	5,607
Total 1999	31,001	2,401	8,674	45,134
Total 1998	31,226	2,420	8,866	45,625

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
02/17/00	996	509	1,006	489	221	3,220	7,488	4,022	14,730
This Week Year Ago	1,427	464	825	694	161	3,571	8,496	3,256	15,323
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	8,405	3,171	4,057	2,970	703	19,306	23,252	15,863	58,421
98/99 YTD	7,876	1,441	4,841	4,276	672	19,106	21,168	17,713	57,987
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
02/24/00	227	240	8	154	727	495	35	20	4
2000 YTD	1,527	1,353	254	956	5,034	3,581	716	31	333
1999 YTD *	1,418	804	45	630	4,186	2,648	1,170	52	379
% of Last Year	14%	31%	39%	19%	16%	24%	10%	5%	24%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections

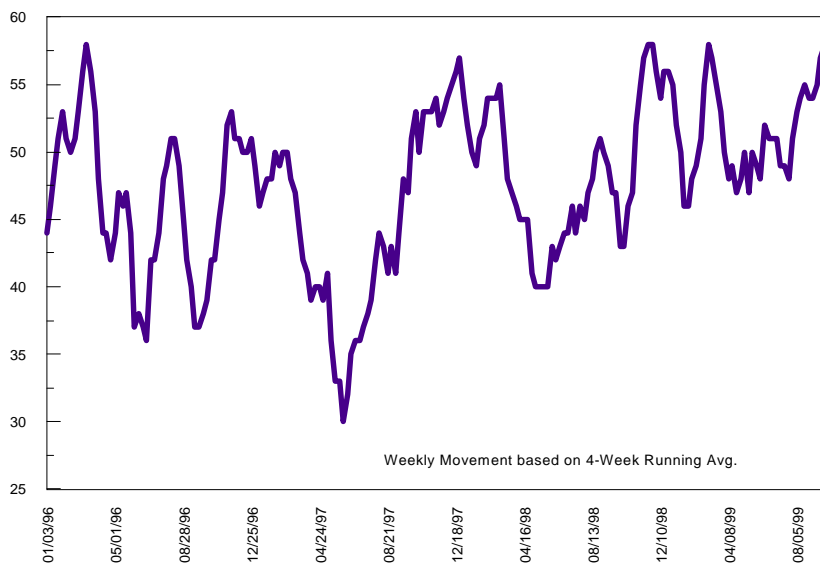
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 2/24/00			
Vancouver	2,896	546	323
Prince Rupert	2,057	4	68
Prairie Direct	505	174	210
Thunder Bay	468	193	165
St. Lawrence	1,814	1,034	0
1999 YTD Exports	7,740	1,951	766
1998 YTD Exports	5,807	1,801	494
% of Last Year	133%	108%	155%

Source: Canadian Grains Commission

YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

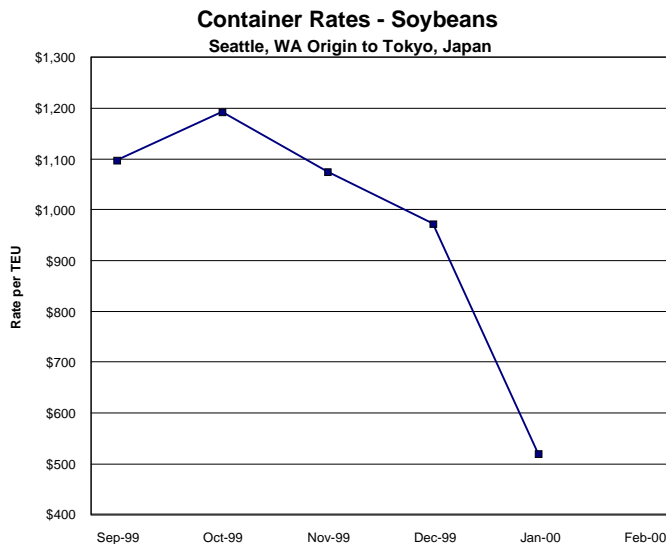
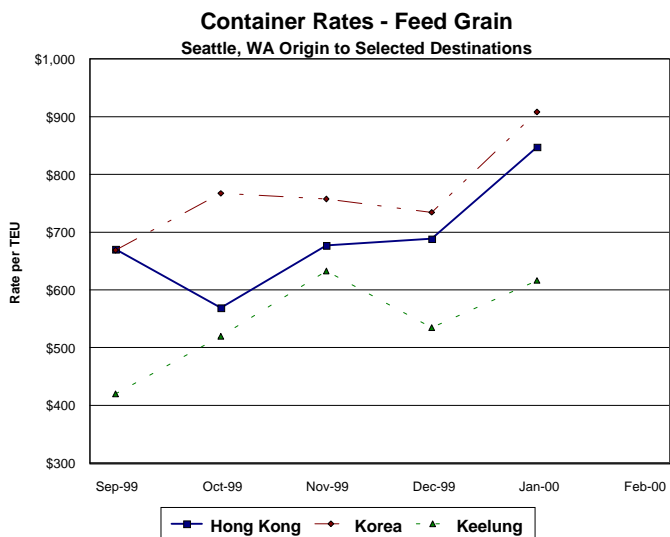
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
02/17/00	42	52	64	10			8	5	4
02/24/00	37	51	66	10			12	8	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

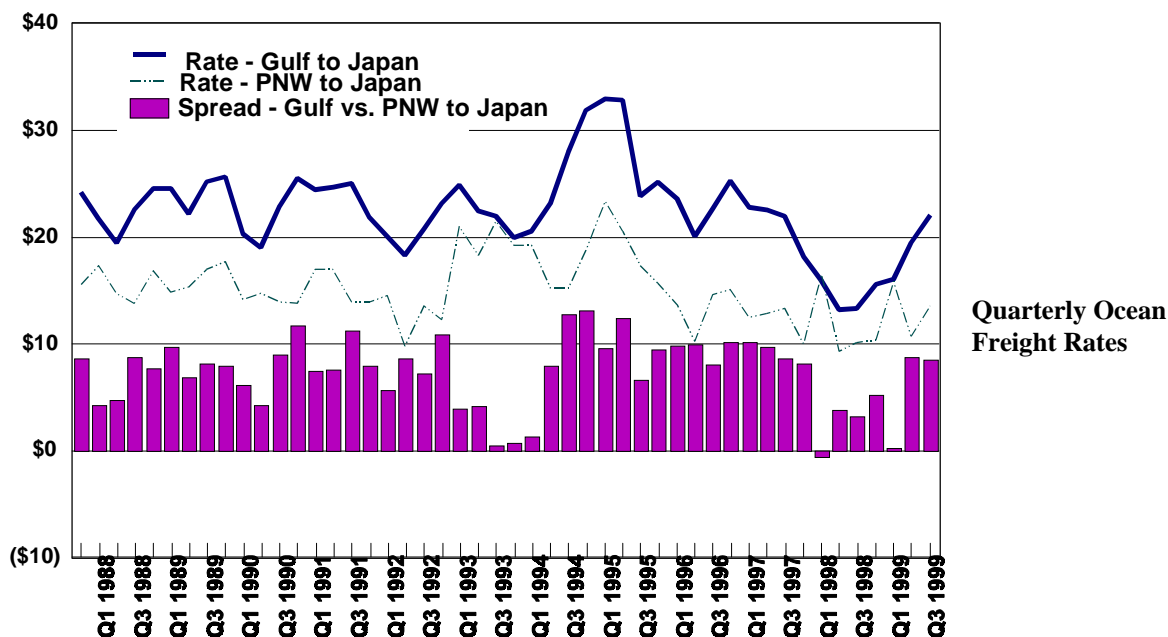
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 4 th Qtr	1998 4 th Qtr	% Change		1999 4 th Qtr	1998 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.07	\$13.33	66%	Japan	\$13.55	\$10.17	33%
Mexico	\$15.21	\$14.41	6%	Red Sea/ Arabian Sea			
Venezuela	\$12.10	\$10.87	11%				
N. Europe	\$13.68	\$8.81	55%	Argentina to			
N. Africa	\$21.65	\$15.26	42%	N. Europe	\$17.77	\$12.56	42%
				Japan			

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,250 lbs.=one metric ton)

Ocean Freight Rates *(Select Locations) - week ending 2/26/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Baie Comeau (Can.)	Egypt	Heavy Grain	February	47,000	\$10.00
Gulf	Holland	Heavy Grain	Prompt	60,000	\$11.50
Gulf	Jordan	Wheat	Mar./Apr.	12,000-40,000	\$22.44-90.24
Gulf	Indonesia	Heavy Grain	February	30,000	\$26.00
Gulf	Japan	Heavy Grain	March	54,000	\$20.75/21.45
Gulf	China	Soybeans	March	50,000	\$20.65
Gulf	China	Heavy Grain	February	55,000	\$19.50
Parana River	Tunisia	Grains	March	20,000	\$24.00
River Plate	Morocco	Wheat	February	25,000	\$20.00
R. Plate/Bahia B./Nec.	Japan	Heavy Grain	Mar./Apr.	56,000	\$24.60

Source: Maritime Research Inc. (*) rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated.